

AN ACT

relating to the applicability of the Texas Non-Profit Corporation Act to nonprofit water supply or sewer service corporations.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section B, Article 2.01, Texas Non-Profit Corporation Act (Article 1396-2.01, Vernon's Texas Civil Statutes), is amended to read as follows:

B. This Act shall not apply to any corporation, nor may any corporation be organized under this Act or obtain authority to conduct its affairs in this State under this Act:

(1) If any one or more of its purposes for the conduct of its affairs in this State is expressly forbidden by any law of this State.

(2) If any one or more of its purposes for the conduct of its affairs in this State is to engage in any activity which cannot lawfully be engaged in without first obtaining a license under the authority of the laws of this State to engage in such activity and such license cannot lawfully be granted to a corporation, except as provided by Subsection C.

(3) If any one or more of its purposes for the conduct of its affairs in this State is to organize Group Hospital Service, Rural Credit Unions, Agricultural and Livestock Pools, Mutual Loan Corporations, Co-operative Credit Associations, Farmers' Co-operative Societies, Co-operative Marketing Act Corporations,

1 Rural Electric Co-operative Corporations, Telephone Co-operative
2 Corporations, or fraternal organizations operating under the lodge
3 system and heretofore or hereafter incorporated under Articles 1399
4 through 1407, both inclusive, of Revised Civil Statutes of Texas,
5 1925.

6 (4) If any one or more of its purposes for the conduct
7 of its affairs in this State is to operate a bank under the banking
8 laws of this State or to operate an insurance company of any type or
9 character that operates under the insurance laws of this State.

10 ~~[(5) If any one or more of its purposes for the conduct~~
11 ~~of its affairs in this State is to engage in water or sewer service~~
12 ~~and it has heretofore or is hereafter incorporated under the Acts of~~
13 ~~1933, Forty-third Legislature, First Called Session, Chapter 76, as~~
14 ~~amended, Acts of 1941, Forty-seventh Legislature, page 666, Chapter~~
15 ~~407, being presently identified as Article 1434(a), Revised Civil~~
16 ~~Statutes of Texas, 1925.]~~

17 SECTION 2. This Act takes effect immediately if it receives
18 a vote of two-thirds of all the members elected to each house, as
19 provided by Section 39, Article III, Texas Constitution. If this
20 Act does not receive the vote necessary for immediate effect, this
21 Act takes effect September 1, 2003.

President of the Senate

Speaker of the House

I certify that H.B. No. 1309 was passed by the House on April 3, 2003, by the following vote: Yeas 141, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 1309 was passed by the Senate on May 27, 2003, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor